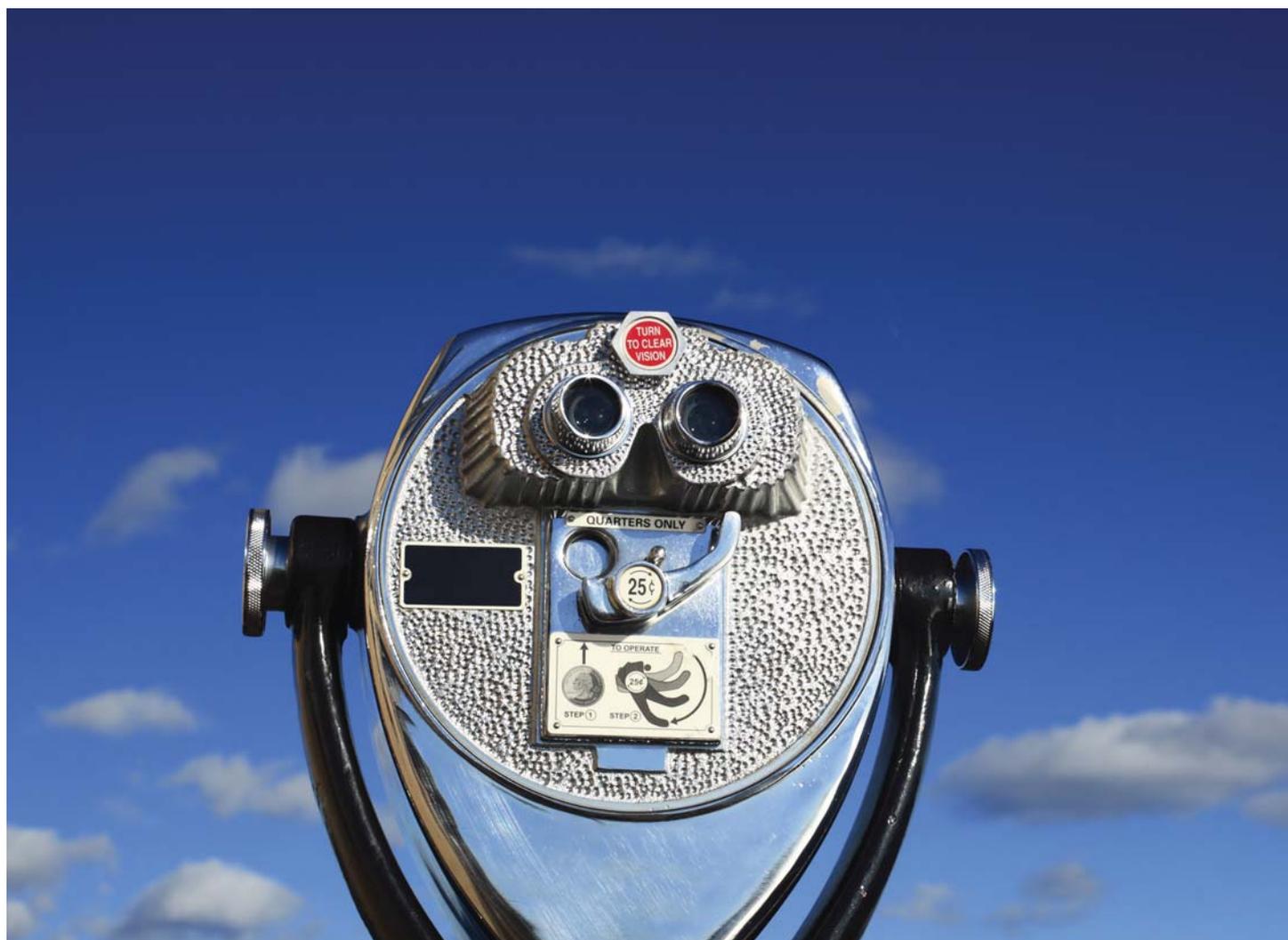


Exploiting the single customer view to maximise the value of customer relationships

An Experian briefing paper for the insurance market



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Introduction

The impact of the collapse of Northern Rock and the ensuing financial crisis has been far reaching – making it by far the biggest driver behind the push for organisations to become more customer-centric.

This briefing paper examines the key issues, drivers and challenges that insurers face in achieving and exploiting a single view of their customers.

The concept of a 'single customer view' or 'SCV' is nothing new, but the current climate has made it imperative for insurance companies to fully understand who their customers are, and their value, to ensure responsible policy cover and to limit their own exposure to risk, now and in the future.

For insurers, the drive of consumers online, and the increasing role of aggregators within the market has changed the industry. Couple this with increased regulatory compliance from the FSA, with legislation such as Solvency II and Basel III, and the insurance sector is under more pressure to deliver a single view of its customers than ever before.

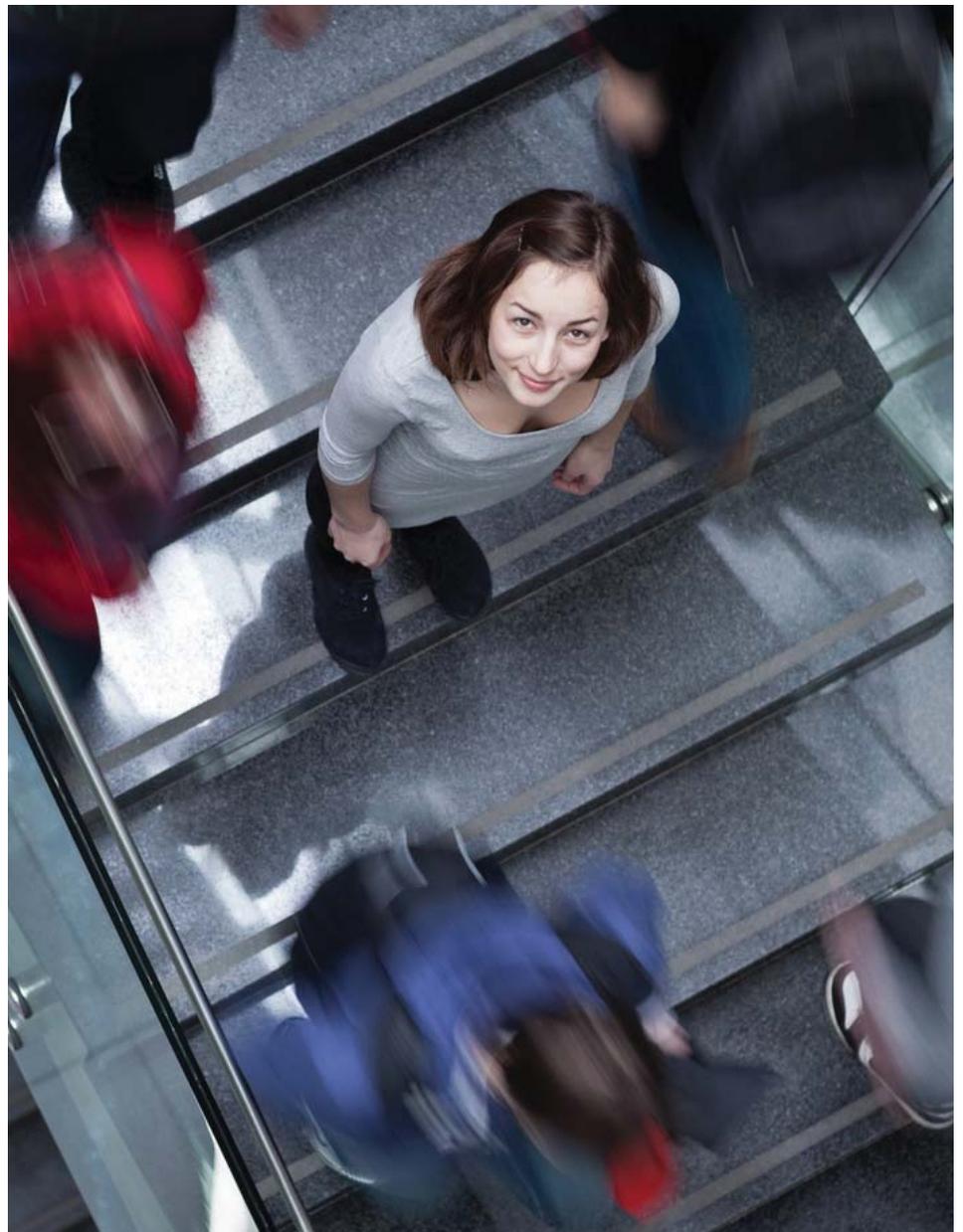
The cornerstone of a SCV is the ability to identify all the accounts and products held by a customer. Every customer wants to be treated as an individual and not as series of disconnected accounts.

Implementing a SCV for compliance purposes can be the foundation for a much wider reorganisation of the way businesses treat their customers, understand and assess customer needs and develop profitable offers, products and incentives. However, the benefits of achieving this view are extensive and equally applicable to any business with a diverse customer base and multiple products or brands.

Nevertheless, the challenges are great, particularly for large, long-standing organisations that may have

accumulated a plethora of customer management systems, databases and product IT platforms that may or may not be fully integrated and compatible.

“The current climate has made it imperative for insurance companies to fully understand who their customers are.”



What is a single customer view?

A 'single customer view' or 'SCV' is defined as the ability to see an accurate and holistic view of a customer, regardless of whether that customer's data is across different databases and business lines.

Achieving a SCV requires a customer's product relationships to be brought together under one record, usually by matching name, address and date of birth. A key element of a successful SCV project is a company's ability to cleanse and standardise its records to ensure that those matching criteria are as accurate as possible. A consumer's personal data, such as address information, is constantly changing and unless a company can keep across those changes its data matching rates will suffer.

Once an organisation is happy with their ability to match records, they can add a customer PIN to the customer record. The PIN is appended to all items of data that relate to that customer and is the only element of the record that isn't constantly changing. By bringing together all records with the same PIN, a single view of the contact and their activity is created.

For insurers, a single view of its customer base is essential to better manage the risk profile of an individual. By understanding what policies a customer has in place, within different parts of the same business, an insurer can help to safeguard their own exposure and reduce their risk.

“A key element to a successful SCV project is a company's ability to cleanse and standardise its records.”



Obstacles to achieving a single customer view

The obstacles to achieving a SCV will vary greatly between organisations. Large insurers that may have many brands under the group umbrella may face significant obstacles. These could include legacy infrastructures, multiple databases and diverse IT platforms. Smaller or newer organisations with new technology and fewer product relationships will find it much simpler to implement a SCV.

Adopting a SCV requires a customer-centric approach to customer management. This can be a challenge to implement for large insurance organisations. One of the major obstacles to a SCV is customer data that has been stored in varying inconsistent formats, meaning that the quality of data on each customer varies and records are maintained on disparate IT systems. Many organisations also hold customer data on both in-house and outsourced systems.

For insurers, customer data may also be particularly poor due to the relationship they have with aggregator websites. As aggregators are now supplying much of the consumer data for quotes, insurance companies have less control over the quality of that data. An insurance organisation's data accuracy must be robust enough to provide them with one view of consumers who have submitted multiple quotes via an aggregator (as well as direct activities on their own website), or if a quote belongs to a customer with a current policy.

In the absence of a universal unique identity number in the UK, it is necessary to match customer accounts together using name and address details associated with each account. The accuracy of this matching is significantly improved when an insurer can rely on the quality of the reference data. By taking robust, early steps to capture, clean and standardise

customer data, an insurance company will see much improved match rates when conducting the latter stages of their SCV project.

“Large insurers may face significant obstacles in the form of legacy infrastructures, multiple databases and diverse IT platforms.”



How to structure a single customer view project

One of the biggest SCV challenges facing any large organisation is knowing where to begin. At Experian we have designed a robust, 7 stage process that will guide an organisation through its SCV journey.

A critical factor in determining a successful project is ensuring adequate time is given for analysis of an organisation's structure, needs and processes at the outset. This will help avoid the obstacles that we discussed earlier in this briefing. Once a full investigation has been carried out, and the project details have been scoped, an organisation can start to look at how accurate its data is.

By structuring and formatting data correctly an organisation can decide which data quality tools to use to improve the overall accuracy of their data; this will include cleaning records to bring them up to date, removing duplicate records, and suppressing unwanted files (such as deceased contacts). Once this is complete an organisation can merge its data, if housed separately, PIN unique IDs to each record, which will allow for detailed analysis of the database.

The final stages of the process include the addition of other datasets to enrich the database, such as socio-demographic information, that can be used to profile customers and

prospects, and ultimately increase the value of database for analysis. Once this has been complete, your SCV project can be deployed.



The benefits of a single customer view

The benefits of a SCV are many and they are felt right across the business. Customers will enjoy better service levels, leading to greater brand loyalty, and they will receive communications that are timely and relevant.

The table below details just a few of the benefits that can be gained from implementing and exploiting a SCV:

Business benefits	
Short-term benefits	Medium/Long-term benefits
Customer service agents can see at a glance a customer's complete policy holdings and history, enabling them to quickly assess the relationship and take appropriate action	Valuable customer insights allowing more effective customer-level marketing – improves relationships, cross-sell activities, product penetration and retention
Operational cost savings, resulting from a reduction in customer call times and cost per serve	Customer-level risk management can support regulatory compliance and ultimately lower capital requirements
More accurately targeted marketing offers and incentives	Better risk decisions – a full understanding of policy exposure leads to more responsible cover
Better customer understanding drives more effective product development, ensuring the right product propositions are delivered to the right customers at the right time	More consistent and effective automated decisions – automated validation process that are set to the correct level
Customer benefits	
Short-term benefits	Medium/Long-term benefits
Enhanced customer service levels – customers expect insurers to know who they are and have a complete view of their relationship	Marketing of cross and up-sell offers based on the whole customer relationship, meaning that offers are much more relevant to the customer
Reduction in duplicated communications	The customer's needs are being met from both a service and product perspective – improving loyalty
Customer requests for further policies can be processed more quickly	
Competitively priced products based on the overall customer relationship e.g. customers with a wider range of policies could be offered discounted rates	
Data changes are simplified – a change of address notification should only require a single telephone call	

Conclusion

Adopting a SCV is all about maximising the value of an organisation's most valuable assets – its customers.

Moving to a customer-centric approach requires more than technology and data. To be truly effective it is likely to require organisational change, such as structuring sales and marketing teams around customer segments rather than by product portfolio.

The inclusion of behavioural scoring will need to be implemented by risk teams and customer-facing staff will need to be trained in new systems, so they can deliver the essential customer service benefits.

The value derived from a SCV for insurers will also depend on the size of the customer base and the number of potential product relationships an organisation has with its customers.

In short, implementing a SCV is a journey, not a one-off project. Integrating it into your business operations is an on-going process that requires commitment from all departments. The journey begins with good quality reference data – and everything else builds from there.



About Experian QAS

Managing Complex Data is in our DNA

Experian is the world leader in helping organisations make sense of their complex data – we do this ourselves, every day.

Unrivalled Analytics and Reference Data

- Allows you to create the most accurate SCV
- Enrich your data to gain additional insight into your customers
- Turn valuable customer insight into actionable strategies

Experienced and Specialist Consultants

Our experience in delivering SCV solutions for other customers will ensure you derive maximum benefit from your project.

We have recently:

- Acted as an intermediary between two utilities companies to tell them which customer contacts they had in common
- Enabled a ferry operator to turn around marketing campaigns more quickly to fill vacant ferries with local customers by bringing the creation of a their SCV in-house from a bureau
- Increased profitability and enhanced customer service for a retail bank by integrating multiple credit and savings silos, adding customer insight data and illustrating how to exploit the information

- Helped a local authority with 1m residents to deliver more insightful and efficient services by understanding better their interactions with their citizens across multiple departmental silos
- Delivered an accurate view of customer interactions and product holding to enable a global telecommunications provider to understand how best to market to and communicate with its customers

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